



RTÉ Commercial  
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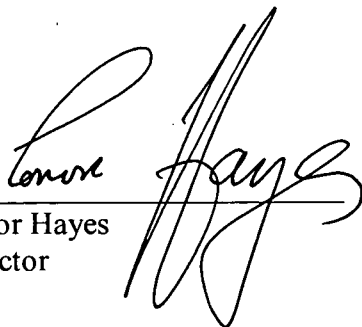


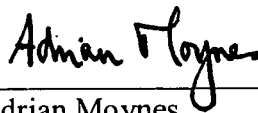
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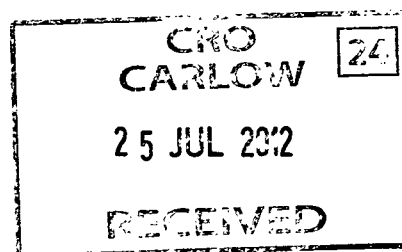
## RTÉ Commercial Enterprises Limited - 2012 Annual Return

We certify that the attached Financial Statements for the year ended 31<sup>st</sup> December 2011 together with Directors' and Auditors' Report, including Profit and Loss Account and Balance Sheet, are a true copy of such reports, Profit and Loss Account and Balance Sheet as laid before the Board Meeting held on 29 June 2012.

  
Conor Hayes  
Director

  
Adrian Moynes  
Director/Company Secretary

20 July 2012



Directors: Sean O'Sullivan (Chairman), Conor Hayes, Adrian Moynes (and Company Secretary)  
Registered Business Names: RTÉ Commercial Enterprises and Commercial Enterprises  
Registered in Dublin: No. 155076. V.A.T. No. 65525760. Registered Office: Donnybrook, Dublin 4  
A Subsidiary of Raidió Teilifís Éireann

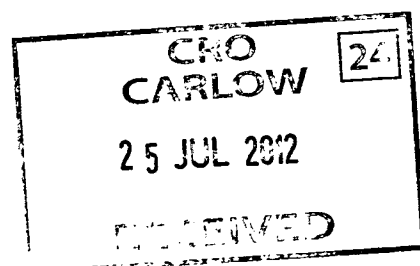
**RTÉ**

RTÉ Commercial Enterprises  
Limited

Directors' report  
and group financial statements

**Year ended 31 December 2011**

*Registered number 155076*



# RTÉ Commercial Enterprises Limited

## Directors' report and group financial statements

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# RTÉ Commercial Enterprises Limited

## Directors and other information

### **Directors**

Sean O'Sullivan (Chairman)  
Conor Hayes  
Adrian Moynes

### **Secretary and registered office**

Adrian Moynes  
c/o RTÉ  
Donnybrook  
Dublin 4

### **Auditor**

KPMG  
Chartered Accountants  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

### **Bankers**

Bank of Ireland  
College Green  
Dublin 2

# RTÉ Commercial Enterprises Limited

## Directors' report

The directors present their report and the audited group financial statements for the year ended 31 December 2011.

### Principal activities

The group's principal activities include:

- the production and publication of the *RTÉ Guide* magazine;
- *RTÉ Guide* advertising sales;
- the provision of a range of free to public, public service web-based Online services;
- the operation of the RTÉ Player to domestic and international audiences;
- provision of additional opportunities to access RTÉ's public service news content via RTÉ News Now;
- sale of Online banner advertising and sponsorship;
- the provision of the RTÉ Aertel teletext service;
- sale of teletext advertising and sponsorship;
- the provision of a range of SMS/IVR services;
- incubation and development of new media technologies;
- origination and re-purposing of news and other broadcast material in digital format;
- sale of music copyright;
- sale of television programmes, programme listings and programme merchandising;
- studio production of television and radio advertisements for third parties;
- Roadcaster mobile studio and sponsorship sales.

### Principal risks and uncertainties

Under Irish Company Law (Regulation 37 of the European Communities Regulations 1992, as amended), the group is required to give a description of the principal risks and uncertainties which it faces. The principal risks and uncertainties faced by the group are set out below and relate to possible adverse changes in the general economic environment in Ireland, the Group's primary market:

- A decline in economic activity in our main trade and consumer markets;
- An erosion of circulation revenues and advertising revenues;
- Unusually large cost increases in respect of newsprint and of copyright acquisition.

The group has long experience in dealing with these risks and uncertainties, and remains satisfied that it has comprehensive strategies in place to deal with these risks and to continue to deliver a strong operational and financial performance.

### Business review

As RTÉ's innovative digital hub, RTÉ Publishing operates five of Ireland's leading media services; RTÉ.ie, the RTÉ Player, RTÉ Aertel, RTÉ News Now, and the RTÉ Guide.

These public services are provided free of charge, with the exception of the RTÉ Guide which is a commercial publication. No Licence Fee income is utilised to fund the provision of either RTÉ Publishing's public services or its commercial publications.

As Ireland's leading provider of digital content and services, RTÉ Publishing's strategy is centred around developing and growing audiences for RTÉ's content and services on digital platforms at home and abroad allowing viewers to consume RTÉ content anytime and anywhere.

# RTÉ Commercial Enterprises Limited

## Directors' report *(continued)*

### RTÉ.ie

Throughout 2011, RTÉ.ie provided an integrated approach to delivering news, sport, and entertainment across a multiple of online platforms offering viewers more choice than ever before in terms of how they viewed and consumed content.

One of the key drivers of traffic growth to the RTÉ site in 2011 was mobile optimised services, as more and more people chose to access RTÉ services through a range of mobile devices. During the year there were a number of significant developments in this regard including the optimisation of RTÉ's mobile site m.rte.ie for Smartphone and touch screen phones.

The popularity of RTÉ.ie developed further in 2011 with 1.3 billion page impressions delivered across the full year. The number of unique browsers on the website averaged 4 million a month, up 8% on the 2010 figure. In December 2011, RTÉ.ie had the most unique visitors of any Irish owned website in Ireland, (source: comScore Dec 2011).

2011 was a significant year for news and this was reflected in the performance of the RTÉ.ie/News website. Highlights of the year were the General Election in February, the State visits of Queen Elizabeth II and President Obama in May, and the Presidential Election in October. Traffic to RTÉ.ie/News increased significantly during 2011 with 226 million page impressions, an increase of 22% on the previous year. The average number of monthly unique browsers (1.6 million) was up by 14% on 2010.

For the general election RTÉ Publishing created a dedicated 24 hour Social Media Desk incorporating Facebook, Twitter and YouTube with Twitter feeds available from 43 count centres. Over the election count weekend there were almost 19 million page views of RTÉ.ie from 1.1 million browsers, double the performance delivered during Election 2007.

During the visits of Queen Elizabeth II and President Obama in May, over 29 million page impressions were recorded as RTÉ.ie provided unrivalled coverage. The comprehensive coverage of both occasions was also of significant interest overseas with international viewers accounting for 382,665 unique browsers on the RTÉ.ie website during Queen Elizabeth's visit and 293,018 unique browsers on the day President Obama visited Ireland.

In addition to the events above, the RTÉ News site offered extensive coverage of the biggest national and international stories of 2011, including the earthquake and tsunami in Japan, the spread of the Arab Spring, the ongoing Eurozone financial crisis, Ireland's IMF/EU bailout and National Budget 2012, through a combination of stories, live blogs, feature articles, live video, audio feeds and user comments.

In 2011 RTÉ.ie/sport continued its emphasis on providing compelling video, audio and text content on major sporting events. These included the GAA National Leagues, the GAA Championships, the Republic of Ireland's Euro 2012 qualifying games, the UEFA Champions League, the Cheltenham Festival, all golf majors, the Six Nations, the Rugby World Cup, the Heineken Cup, and other selected events.

# RTÉ Commercial Enterprises Limited

## Directors' report (*continued*)

RTÉ.ie/sport's major success of 2011 was its coverage of the Rugby World Cup. In collaboration with RTÉ Television and RTÉ Radio a strong emphasis was placed on providing a compelling user experience on mobile, Twitter, Facebook and YouTube. RTÉ.ie/sport delivered a strong performance in 2011 with 96 million page impressions. This was only marginally down on 2010's figure of 97 million in a Soccer World Cup year. The average number of monthly unique browsers grew to 633,000, 4% up on 2010 and RTÉ Rugby on Facebook quickly grew to over 9,000 likes, with almost 14,000 followers on Twitter.

In November, RTÉ Publishing's Technology Hub trialled High Definition Streaming of RTÉ TWO HD for the Ireland Vs Estonia Euro 2012 playoff, which greatly enhanced the on-line viewing experience.

During 2011, RTÉ TEN launched one of RTÉ's first dedicated web programmes, TEN News. Airing on RTÉ TEN weekly as well as on RTÉ News Now, this video entertainment news programme is scripted, shot and edited in-house. During the year, RTÉ TEN also launched on the 'Digital out of Home' service. Although traffic to RTÉ.ie/TEN fell slightly from 85 million page impressions in 2010 to 78 million in 2011, the average monthly number of unique browsers grew to 660,000, up from 610,000 in 2010.

While the on-line advertising market continued to grow in 2011, an increasing number of domestic and international competitors created an extremely challenging environment. As a result, RTÉ.ie had to differentiate itself in the market by introducing a range of new advertising formats such as overlays, pushdowns and take-overs. Advertisers responded positively to these initiatives, and consequently overall activity remained exceptionally high throughout the year.

### **RTÉ News Now**

RTÉ News Now, RTÉ's dedicated news channel became available on-line in 2011 and includes promotion of upcoming programmes, live news conferences and events. In addition, SAORVIEW, RTE's new digital television service, commenced broadcasting the channel from May 2011.

*Digital out of Home*, an RTÉ News Now initiative, was extended in 2011 to Terminal 2 in Dublin Airport, and continues to be available in most major train stations and in Busáras. The channel broadcasts news, sport, business, entertainment and weather in these locations.

The RTÉ News Now app available on iPhone, iPad, iPod Touch and Android, has been by far the most successful RTÉ mobile service ever launched, delivering 426 million page impressions in 2011. It was downloaded 454,000 times by the end of the year.

### **RTÉ Player**

RTÉ Player continued to grow in 2011 and by the end of the year RTÉ Player launched a new iOS suite of apps facilitating downloads to the iPhone, iPod Touch, and iPad. The interest was such that there were over 100,000 app downloads in the first two weeks alone.

Approximately 100 hours of new programmes were added to the RTÉ Player each week in 2011, giving audiences the opportunity to watch up to 250 hours at any one time, from all categories of the RTÉ broadcast schedule including drama, entertainment, factual, lifestyle, sport, news and current affairs. One third of all programmes are available for viewing by international audiences.

# RTÉ Commercial Enterprises Limited

## Directors' report (*continued*)

Usage of the RTÉ Player is steadily increasing with 32 million programme streams served in 2011. This represents 45% growth year on year. On average 2.7 million streams were delivered each month representing an increase of 50% year on year, while unique browsers have increased by 30% from an average of 406,000 per month in 2010 to 526,000 in 2011.

During the year, RTÉ programmes were the most popular on RTÉ Player. Top performing programmes included the *Republic of Telly*, *Hardy Bucks*, *The Late Late Show*, *Love/Hate*, *Desperate Housewives*, *Mrs. Brown's Boys*, *Fade Street*, and once off national events such as the State visits of President Obama and Queen Elizabeth II, and the inauguration of President Higgins. 2011 also witnessed an increase in the range of programmes available on the RTÉ Player. Complementing the existing stable of home produced content and popular international series such as *Grey's Anatomy* and *Desperate Housewives*, last year saw the addition of a host of high quality series such as *Two and a Half Men*, *The Mentalist*, *The Inbetweeners*, *Masterchef* and *How to Look Good Naked*.

In a joint production between RTÉ Two and RTÉ Player, the second season of *Fade Street*, the popular reality show, aired online before it was broadcast on RTÉ Two. It became the number 1 programme on RTÉ Player and was one of the most popular shows on the website that week with nearly 69,000 streams in a ten-day period. It also created strong international appeal with one in five streams being viewed by an international audience.

RTÉ Publishing was the first client worldwide to deploy Google's industry leading DoubleClick for Publishers on the RTÉ Player. DoubleClick provides RTÉ Publishing with the means to deliver targeted digital advertising to its customers and is the primary means by which RTÉ online generates revenue from digital platforms.

Public facing trials of Adobe HTTP Dynamic Streaming continued through 2011, with a production rollout to facilitate an enhanced user experience in RTÉ Player "2.0". This production rollout will see RTÉ Publishing lead the way in migrating online streaming video services to a HTTP based solution, which provides a better experience for the end user, and allows RTÉ Publishing to consolidate back end delivery infrastructure to deliver to multiple platforms.

Video On Demand (VOD) advertising grew in tandem with the popularity of the RTÉ Player. Demand for advertising on RTÉ Player at times exceeded supply and outperformed the growth rates for display advertising in the market place during the year.

The increased popularity of RTÉ Player, and the growth in popularity of mobile traffic through RTÉ.ie's mobile apps, resulted in mobile revenues doubling year on year and we believe this trend is set to continue.

It was another outstanding year for the YouTube RTÉ channel. The channel, now one of the most popular in Ireland, experienced significant growth during the year with 27.9 million views recorded, up from 9.8 million views in 2010.

Two RTÉ YouTube clips were officially placed at no.2 and no.5 in YouTube's 'Most Watched' 2011 list in Ireland. The second most popular video among Irish viewers was Damo and Ivor's Hangover sketch from RTÉ's *Republic of Telly* which has generated 436,000 views (482,000 views worldwide), and in fifth place was Rugby by Dead Cat Bounce, also first broadcast on *Republic of Telly* which has generated 277,000 views (859,000 views worldwide).



# RTÉ Commercial Enterprises Limited

## Directors' report *(continued)*

### **The RTÉ Guide**

The RTÉ Guide continued its evolution from a TV Listings magazine to a premium entertainment and lifestyle magazine in 2011.

High profile initiatives during the year included a special feature on President Obama and his wife Michelle to co-incide with their State visit to Ireland and a special St. Patrick's Day issue which celebrated the best of being Irish.

Throughout the year key promotional drivers and other bespoke initiatives were used to deliver growth on the base weekly sale. These included the Weight Watcher's supplements, Recipe Collections, a World Cup Rugby Wall Planner produced in conjunction with RTÉ Sport, and the RTÉ Guide's annual weather calendar.

However, the RTÉ Guide faced another challenging year in a particularly turbulent magazine market. Circulation sales fell in 2011 due to continuing market contractions at retail level and an overall decline consistent with the total print market. Overall circulation for the RTÉ Guide in 2011 was an average of 74,382 weekly copy sales down from 84,018 in 2010, while readership figures showed a 12% decrease year on year from 588,000 adult readers to 517,000 adult readers.

The RTÉ Guide attended the National Ploughing Championships and the Tall Ships Race with its 'Become a Star for the Day' road show. At the Ploughing Championships almost 3,000 people visited the RTÉ marquee and had their photo taken for their very own RTÉ Guide commemorative Ploughing Championships cover while over 1,800 visitors engaged with a similar initiative at the Tall Ships event in Waterford.

- The print advertising market declined further in 2011, with the RTÉ Guide's performance in the year reflective of an overall market that in 2011 is estimated to have declined by 15 to 20% year on year.

### **RTÉ Aertel**

RTÉ Aertel continues to perform as a very strong brand with 1.4 million weekly users (source: TGI 2011). On RTÉ.ie, the site has an average of 5.5 million page impressions per month. A revamped digital RTÉ Aertel service was launched in 2011, and is also available via SAORVIEW, RTÉ's free-to-air digital television service.

### **Programme and Interactive Competitions**

The Programme Interaction and Competitions team continues to develop and manage SMS and IVR services that contain a premium rate competition across RTÉ Television, RTÉ Radio and RTÉ Publishing platforms. There were almost 14 million interactions generated in 2011 compared to 12.4 million in 2010. This further highlights the growth in audience engagement across RTÉ media outlets.

During 2011, RTÉ Publishing also contributed to the new draft Code of Conduct Consultation which has been established by ComReg for Premium Rate Services.

### **Results, dividends and transfers to reserves**

The profit for the financial year amounted to €1,369,000 (2010: €929,000). The directors do not recommend the payment of a dividend.

# RTÉ Commercial Enterprises Limited

## Directors' report (*continued*)

### **Financial risk management**

There are approved policies in place for the main areas of financial risk faced by the group.

#### *Foreign exchange management*

The majority of the group's business is transacted in Ireland. Consequently, operating and investing cash flows are substantially denominated in Euro.

#### *Liquidity and cash management*

Excess cash is primarily held with the group's parent undertaking, RTÉ.

It has not been considered necessary to hold committed bank borrowing facilities.

#### *Credit risk*

Given the nature of the markets within which the group operates, there were significant exposures to individual customers throughout the year. The group's policy is to assign limits to the aggregate amount of exposure to each individual customer. These exposures and the related limits are subject to ongoing review and monitoring.

### **Future developments in the business**

It is the intention of the directors to continue to develop the principal activities of the group and to identify areas with future growth potential.

### **Directors, secretary and their interests**

The directors who served during the year ended 31 December 2011 were as follows:

Sean O'Sullivan	Non-executive director and chairman, also a non-executive member of the Board of RTÉ.
Cathal Goan	Non-executive director and former Director-General of RTÉ.
Conor Hayes	Chief Financial Officer of RTÉ and oversees the managerial operation of RTÉ Commercial Enterprises Limited.
Adrian Moynes	Non-executive director and Secretary, also Secretary to the Board of RTÉ.

Cathal Goan resigned as a director with effect from 18 January 2011 and was not replaced.

The directors and secretary who held office had no beneficial interest in the share capital of the company or any other group undertaking.

### **Subsidiary companies**

The information required by the Companies Act, 1963 in relation to the subsidiary undertaking is given in note 7 to the financial statements.

### **Post balance sheet events**

No significant events affecting the company or group have occurred subsequent to year-end.

# RTÉ Commercial Enterprises Limited

## Directors' report *(continued)*

### **Books of account**

The directors believe that they have complied with the requirement of Section 202 of the Companies Act, 1990 to keep proper books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account are maintained at the company's registered office at Donnybrook, Dublin 4.

### **Payment of accounts**

The directors acknowledge their responsibility for ensuring compliance in all material respects with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2002 ("the Regulations"). Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy during the year under review was to comply with the requirements of the Regulations.

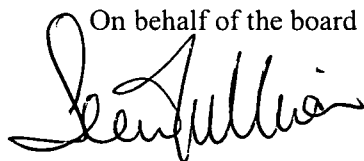
### **Political donations**

During 2011, the group made no political donations under the Electoral Act 1997.

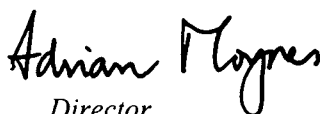
### **Auditor**

In accordance with Section 160(2) of the Companies Act, 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



*Director*



*Director*

29 June 2012

# RTÉ Commercial Enterprises Limited

## Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements, in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU and to prepare the Company financial statements in accordance with IFRSs, as adopted by the EU, and as applied in accordance with the provisions of the Companies Acts, 1963 to 2009.

The Group and Company financial statements are required by law and IFRSs, as adopted by the EU, to present fairly the financial position and performance of the Group and Company. The Companies Acts, 1963 to 2009 provide, in relation to such financial statements that references in the relevant part of those Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

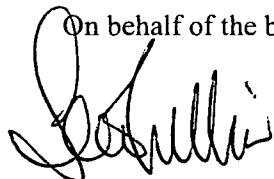
In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS's as adopted by the EU and as applied in accordance with the provisions of the Companies Acts 1963 to 2009; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts, 1963 to 2009.

On behalf of the board

  
*Director*  
*Director*

29 June 2012



**KPMG**  
**Chartered Accountants**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

## **Independent auditor's report to the members of RTÉ Commercial Enterprises Limited**

We have audited the Group and Company financial statements (the "financial statements") of RTÉ Commercial Enterprises Limited for the year ended 31 December 2011 which comprise the Group income statement, the Group and Company balance sheets, the Group and Company cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs), as adopted by the EU, are set out in the Statement of Directors Responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs, as adopted by the EU and in the case of the Company applied in accordance with the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation.

We also report to you whether, in our opinion:

- proper books of account have been kept by the company;
- whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company under section 40(1) of the Companies (Amendment) Act 1983; and
- whether the information given in the directors' report is consistent with the financial statements.

In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions with the company is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider implications for our report if we become aware of any apparent misstatements within it.

## Independent auditor's report to the members of RTÉ Commercial Enterprises Limited *(continued)*

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

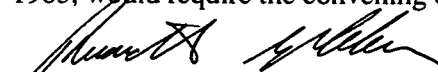
In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs, as adopted by the EU, of the state of the group's affairs as at 31 December 2011 and of its profit for the year then ended;
- the Company financial statements give a true and fair view, in accordance with IFRSs, as adopted by the EU, as applied in accordance with the provisions of the Companies Acts, 1963 to 2009, of the state of the company's affairs at 31 December 2011; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 2 to 8 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 16, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2011, a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the group.



Ruaidhri Gibbons  
for and on behalf of  
KPMG

Chartered Accountants, Statutory Audit Firm  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

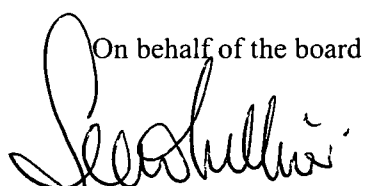
29 June 2012

# RTÉ Commercial Enterprises Limited

## Group Income Statement for the year ended 31 December 2011

	<i>Notes</i>	<b>2011</b> <b>€'000</b>	<b>2010</b> <b>€'000</b>
<b>Continuing Operations</b>			
Revenue		<b>21,720</b>	21,550
Operating costs	<i>1</i>	<b>(20,452)</b>	(20,373)
		<hr/>	<hr/>
<b>Profit before income tax</b>	<i>2</i>	<b>1,268</b>	1,177
Income tax credit/(expense)	<i>4</i>	<b>101</b>	(248)
		<hr/>	<hr/>
<b>Profit for the year after tax</b>		<b>1,369</b>	929
		<hr/> <hr/>	<hr/> <hr/>

There is no recognised income or expenditure other than as shown above, and accordingly, no statement of comprehensive income is presented.

On behalf of the board  
  
Director

  
Director

29 June 2012

# RTÉ Commercial Enterprises Limited

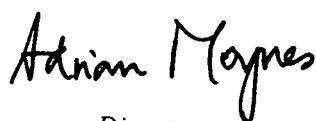
## Group Balance Sheet

as at 31 December 2011

	Notes	2011 €'000	2010 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,280	1,208
Intangible assets	6	1,489	553
Deferred tax	16	36	30
<b>Total non-current assets</b>		<b>2,805</b>	<b>1,791</b>
<b>Current assets</b>			
Inventories	8	130	77
Trade and other receivables	9	49,080	49,414
Prepayments and accrued income		1,939	2,142
Cash and cash equivalents	10	597	682
Taxation and social welfare	14	136	-
<b>Total current assets</b>		<b>51,882</b>	<b>52,315</b>
<b>Total assets</b>		<b>54,687</b>	<b>54,106</b>
<b>EQUITY</b>			
Called up share capital	11	63	63
Other reserves	12	934	934
Retained earnings		47,940	46,571
<b>Total equity</b>		<b>48,937</b>	<b>47,568</b>
<b>Current liabilities</b>			
Bank overdraft	10	89	89
Trade and other payables	13	5,378	5,151
Taxation and social welfare	14	-	975
Employee benefits	15	283	323
<b>Total current liabilities</b>		<b>5,750</b>	<b>6,538</b>
<b>Total equity and liabilities</b>		<b>54,687</b>	<b>54,106</b>



Director



Director

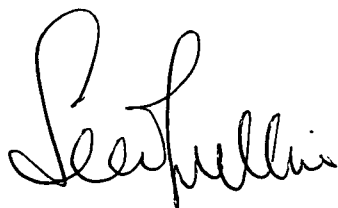
29 June 2012



# RTÉ Commercial Enterprises Limited

## Group Statement of Changes in Equity as at 31 December 2011

	Share capital €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2010	63	934	45,642	46,639
Total recognised income and expense	-	-	929	929
Balance at 31 December 2010	63	934	46,571	47,568
Balance at 1 January 2011	63	934	46,571	47,568
Total recognised income and expense	-	-	1,369	1,369
<b>Balance at 31 December 2011</b>	<b>63</b>	<b>934</b>	<b>47,940</b>	<b>48,937</b>



Director



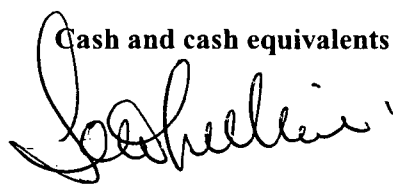
Director

29 June 2012

# RTÉ Commercial Enterprises Limited

## Group Cash Flow Statement for the year ended 31 December 2011

	Notes	2011 €'000	2010 €'000
<b>Cash flows from operating activities</b>			
Profit for the year after tax		1,369	929
Adjustments for:			
Depreciation of property, plant and equipment	5	359	377
Amortisation of intangible assets	6	160	139
Income tax (credit)/expense	4	(101)	248
<b>Cash flows from operating activities</b>		<b>1,787</b>	<b>1,693</b>
Change in inventories		(53)	47
Change in trade and other receivables		334	(1,866)
Change in prepayments		203	(369)
Change in trade and other payables		328	697
Change in taxation and social welfare		(1,111)	183
Change in employee benefits		(40)	123
Change in deferred tax	16	(6)	(12)
<b>Net cash from operating activities</b>		<b>1,442</b>	<b>496</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	5	(431)	(188)
Acquisition of intangible assets	6	(1,096)	(230)
<b>Net cash used in investing activities</b>		<b>(1,527)</b>	<b>(418)</b>
Net (decrease)/increase in cash and cash equivalents		(85)	78
Cash and cash equivalents at 1 January		593	515
<b>Cash and cash equivalents at 31 December</b>	10	<b>508</b>	<b>593</b>

  
Director

  
Director

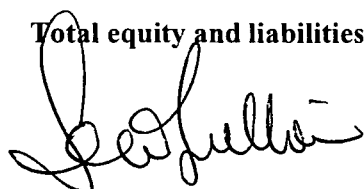
29 June 2012

# RTÉ Commercial Enterprises Limited


## Company Balance Sheet

for the year ended 31 December 2011

	Notes	2011 €'000	2010 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,280	1,208
Intangible assets	6	1,489	553
Investment in subsidiary	7	-	-
Deferred tax	16	36	30
<b>Total non-current assets</b>		<b>2,805</b>	<b>1,791</b>
<b>Current assets</b>			
Inventories	8	130	77
Trade and other receivables	9	42,403	42,730
Prepayments and accrued income		1,939	2,142
Cash and cash equivalents	10	118	228
Taxation and social welfare	14	139	-
<b>Total current assets</b>		<b>44,729</b>	<b>45,177</b>
<b>Total assets</b>		<b>47,534</b>	<b>46,968</b>
<b>EQUITY</b>			
Called up share capital	11	63	63
Other reserves	12	934	934
Retained earnings		40,783	39,438
<b>Total equity</b>		<b>41,780</b>	<b>40,435</b>
<b>Current liabilities</b>			
Bank overdraft	10	89	89
Trade and other payables	13	5,382	5,151
Taxation and social welfare	14	-	970
Employee benefits	15	283	323
<b>Total current liabilities</b>		<b>5,754</b>	<b>6,533</b>
<b>Total equity and liabilities</b>		<b>47,534</b>	<b>46,968</b>



Director



Director

29 June 2012

**RTÉ Commercial Enterprises Limited**  
**Company Statement of Changes in Equity**  
*as at 31 December 2011*

	<b>Share capital €'000</b>	<b>Other reserves €'000</b>	<b>Retained earnings €'000</b>	<b>Total €'000</b>
Balance at 1 January 2010	63	934	38,524	39,521
Total recognised income and expense	-	-	914	914
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	63	934	39,438	40,435
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2011	63	934	39,438	40,435
Total recognised income and expense	-	-	1,345	1,345
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2011</b>	<b>63</b>	<b>934</b>	<b>40,783</b>	<b>41,780</b>
	<hr/>	<hr/>	<hr/>	<hr/>



*Director*

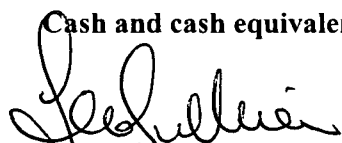


*Director*

*29 June 2012*

**RTÉ Commercial Enterprises Limited**  
**Company Cash Flow Statement**  
*as at 31 December 2011*

	Notes	2011 €'000	2010 €'000
<b>Cash flows from operating activities</b>			
Profit for the year after tax		1,345	914
Adjustments for:			
Depreciation of property, plant and equipment	5	359	377
Amortisation of intangible assets	6	160	139
Income tax (credit)/expense	4	(101)	248
		<hr/>	<hr/>
<b>Cash flows from operating activities</b>		<b>1,763</b>	<b>1,678</b>
Change in inventories		(53)	47
Change in trade and other receivables		327	(1,871)
Change in prepayments		203	(377)
Change in trade and other payables		332	697
Change in taxation and social welfare		(1,109)	180
Change in employee benefits		(40)	123
Change in deferred tax	16	(6)	(12)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>1,417</b>	<b>465</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	5	(431)	(188)
Acquisition of intangible assets	6	(1,096)	(230)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,527)</b>	<b>(418)</b>
Net (decrease)/increase in cash and cash equivalents		(110)	47
Cash and cash equivalents at 1 January		139	92
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	10	<b>29</b>	<b>139</b>

  
Director

  
Director

29 June 2012

# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies

*for the year ended 31 December 2011*

### **1. Basis of Accounting**

#### **(a) Reporting entity**

RTÉ Commercial Enterprises Limited is a company incorporated under the Companies Acts and is domiciled in Ireland. The Group financial statements of RTÉ Commercial Enterprises Limited as at, and for the year ended 31 December 2011 comprise of the Company and its subsidiary company RTÉ Music Limited (together referred to as “Group”).

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7 (1A) of the Companies Amendment Act, 1986, the company is availing of the exemption from presenting its individual income statement which forms part of the approved financial statements of the company to the Annual General Meeting and from filing it with the Registrar of Companies.

#### **(b) Statement of compliance**

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) that are effective for the year ended 31 December 2011.

#### **(c) Basis of preparation**

The Group and Company financial statements have been prepared on the historical cost basis.

The Group financial statements are prepared in Euro, rounded to the nearest thousand (€'000), which is the functional currency of all Group entities.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

The accounting policies set out below have been applied consistently by group entities to all periods presented in these Group financial statements.

### **2. Basis of consolidation**

#### **(a) Subsidiaries**

The Group financial statements include the financial statements of RTÉ Commercial Enterprises Limited and its wholly owned and controlled subsidiary company RTÉ Music Limited drawn up to 31 December each year.

#### **(b) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any realised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies *(continued)* *for the year ended 31 December 2011*

### **3. Revenue recognition**

#### **(a) Recognition principles**

Revenue, which excludes VAT and transactions between companies in the Group, comprises income arising from advertising sales, sponsorship, the use of the Group's studio facilities, circulation and events income, and content, merchandising and related income. Revenue is stated net of any settlement and volume discounts.

Revenue is recognised to the extent that recovery is probable, it is subject to reliable measurement, it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership has transferred to the buyer.

#### **(b) Advertising and sponsorship income**

Advertising income is recognised on transmission/publication. Advertising income is stated net of agency commissions. Sponsorship income is recognised evenly over the life of the sponsored publication etc.

#### **(c) Facilities income**

Facilities income arises from the use of and access to the Group's studio facilities provided to third parties. Amounts are recognised as the studio facilities are made available to third parties.

#### **(d) Circulation and events income**

Circulation income arises from the publication and circulation of the RTÉ Guide and is stated net of fees due to the distributor and end-retailer. Revenue is recognised on the basis of the net copies sold at the end of the sales cut-off period for each issue.

Events income arises from public events organised by the Group. Revenue is recognised as the events are held and amounts fall due.

#### **(e) Content, merchandising and related income**

Content, merchandising and related income represents amounts generated from RTÉ content and services provided to third parties through a range of means, including the Group's internet facilities, Aertel teletext, the external sale of RTÉ content and amounts earned through other commercial services provided by the Group. Revenue is recognised as the service is provided or upon delivery of goods to the third party.

### **4. Foreign currency transactions**

Transactions denominated in foreign currencies are translated to the group's functional currency at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies *(continued)* *for the year ended 31 December 2011*

### **5. Property, plant and equipment**

#### **(a) Recognition and measurement**

Property, plant and equipment is shown at historical cost, net of accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

#### **(b) Depreciation**

Depreciation is provided on all property, plant and equipment, except freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life.

The principal rates used are as follows:

Buildings	2.5% – 25%
Plant and equipment	7.5% – 20%
Fixtures and fittings	10% – 25%

Capital projects in progress represent the cost of purchasing and installing property, plant and equipment ahead of their commission into use. Depreciation is charged on assets from the date of commissioning.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated accordingly.

#### **(c) Impairment**

In accordance with IAS 36 *Impairment of assets* the carrying amount of items of buildings and plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment and are subjected to impairment testing when events or changes in circumstances indicate that the carrying values are not recoverable. If any such indication exists, then the assets recoverable amount is estimated.



# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies *(continued)* *for the year ended 31 December 2011*

### **6. Intangible assets**

#### **(a) Recognition and measurement**

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable for the Group or from other rights and obligations.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Group's intangible assets are entirely software-related in nature.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### **(b) Amortisation**

Intangible assets, with finite useful economic lives, are amortised to the income statement on a straight line basis over their estimated useful lives from the date they are available for use. In the case of computer software, the useful economic lives are generally 3 to 5 years.

#### **(c) Impairment**

In accordance with IAS 36 *Impairment of assets* the carrying amount of items of intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment and are subjected to impairment testing when events or changes in circumstances indicate that the carrying values are not recoverable. If any such indication exists, then the assets recoverable amount is estimated.

### **7. Financial Instruments**

#### **Financial instruments**

Financial instruments comprise investments in subsidiaries, trade and other receivables (excluding prepayments), cash and cash equivalents, accrued income, employee benefits and trade and other payables.

Financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

#### ***Investments in subsidiaries***

In the company's own balance sheet investments in subsidiary companies are stated at cost, less impairment losses.

#### ***Trade and other receivables***

Trade and other receivables are stated at amortised cost, which approximates to fair value given the short-dated nature of these assets. Trade receivables are carried at original invoice amount less any impairment for potentially unrecoverable amounts. Impairment is recognised if there is objective evidence after initial recognition that a balance may not be recoverable in full or in part.

# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies *(continued)* *for the year ended 31 December 2011*

### **7. Financial Instruments *(continued)***

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise bank balances held for the purposes of meeting short term cash commitments and call deposits which are either readily convertible to known amounts of cash at or close to their carrying values and are subject to an insignificant risk of changes in value. Where call deposits are classified as cash equivalents, the related balances have a maturity of three months or less from the date of acquisition. Income on these assets is recognised on an effective interest rate basis.

#### ***Trade and other payables***

Trade and other payables are stated at cost, which approximates to fair value given the short-dated nature of these assets.

### **8. Inventory**

Inventories are valued at the lower of cost and net realisable value. Inventories consist of production paper and of pre-production and other printing costs in respect of future issues of the RTÉ Guide.

### **9. Employee benefits**

#### **(a) Retirement benefit obligations**

The Group does not have any direct employees. Staff are seconded from RTÉ and their costs charged to the Group.

The Group, through the RTÉ Superannuation Scheme, the RTÉ Defined Contribution Pension Scheme, the RTÉ “50/50” Risk-Sharing Pension Scheme (a hybrid scheme that has both defined benefit and defined contribution elements) and other defined contribution schemes, makes pension contributions for eligible employees.

In relation to the defined contribution schemes, and the defined contribution element of the RTÉ “50/50” Risk-Sharing Pension Scheme, contributions are accrued and recognised in the income statement in the period in which they are earned by the relevant employees.

For the RTÉ Superannuation Scheme, a funded contributory defined benefit scheme, and the defined benefit element of the RTÉ “50/50” Risk-Sharing Pension Scheme, the Group charges its net defined benefit cost to the income statement, based on an agreed policy with RTÉ, in accordance with IAS 19 *Employee Benefits*.

#### **(b) Termination benefits**

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies *(continued)* *for the year ended 31 December 2011*

### **9. Employee benefits *(continued)***

#### **(c) Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### **10. Income tax**

#### **(a) Recognition**

Income tax comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

#### **(b) Current tax**

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Group's taxable income is liable to Irish corporation tax.

#### **(c) Deferred tax**

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the period in which the asset is realised or the liability is settled based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit or taxable profit or loss at the time of the transaction.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

### **11. New standards and interpretations**

#### **(a) Adopted during the year**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of IAS 24 *Related Party Disclosures (Amendment)* effective 1 January 2011.

# RTÉ Commercial Enterprises Limited

## Statement of Accounting Policies *(continued)* *for the year ended 31 December 2011*

### **11. New standards and interpretations *(continued)***

#### *IAS 24 Related Party Transactions (Amendment)*

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

#### **(b) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the Group financial statements.

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 1 Operating costs

	2011 €'000	2010 €'000
Employee costs (note 3)	7,241	7,246
Other personnel related costs (including contractors)	1,330	785
	<hr/>	<hr/>
Personnel Related Operating Costs	8,571	8,031
	<hr/>	<hr/>
RTÉ Guide printing and related costs	2,005	2,204
Copyrights	1,781	1,353
Selling costs	1,189	1,559
Central shared services costs	2,292	2,700
Other operating costs	4,095	4,010
	<hr/>	<hr/>
Non Personnel Related Operating Costs before Depreciation and Amortisation	11,362	11,826
Depreciation and amortisation	519	516
	<hr/>	<hr/>
Non Personnel Related Operating Costs	11,881	12,342
	<hr/>	<hr/>
<b>Total operating costs</b>	<b>20,452</b>	<b>20,373</b>
	<hr/>	<hr/>

### 2 Profit on ordinary activities before income tax

The profit on operations before income tax includes the following amounts:

	2011 €'000	2010 €'000
Depreciation and amortisation		
- Depreciation on continuing operations	359	377
- Amortisation of intangible assets	160	139
Auditors' remuneration:		
- Audit of the Group and company's accounts	14	13
- Tax advisory services	8	5
	<hr/>	<hr/>

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 3 Employee information

The group has no direct employees. All staff working for the group are on secondment from RTÉ, which charges the group for payroll and related costs, including pension costs.

The average number of full time seconded employees of the group was as follows:

	2011	2010
Administration	20	16
Sales	15	21
Editorial	41	43
Technical	25	16
	<hr/>	<hr/>
	101	96
	<hr/>	<hr/>
	2011	2010
	€'000	€'000
RTÉ employee costs recharged to the Group during the year amounted to:		
Wages and salaries	6,149	6,209
Social welfare costs	529	485
Pension costs and life assurance	563	552
	<hr/>	<hr/>
	7,241	7,246
	<hr/>	<hr/>

The total number of full-time, part-time and casual seconded employees of the Group at 31 December, and their full-time equivalent (FTE) were:

	No. of employees		Full time equivalents	
	2011	2010	2011	2010
RTÉ Commercial Enterprises Limited	111	113	103	107
	<hr/>	<hr/>	<hr/>	<hr/>

The average annual number of full-time, part-time and casual seconded employees during the year was:

	2011	2010
RTÉ Commercial Enterprises Limited	112	110
	<hr/>	<hr/>

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 4 Income tax (credit)/expense

	2011 €'000	2010 €'000
<b>Current tax (credit)/expense</b>		
Current corporation tax	-	260
Prior period overprovision	(95)	-
	<u>(95)</u>	<u>260</u>
<b>Deferred tax (credit)/expense</b>		
Origination and reversal of temporary differences (Note 16)	(6)	(12)
	<u>(6)</u>	<u>(12)</u>
Income tax (credit)/expense	<u>(101)</u>	<u>248</u>
<b>Reconciliation of effective tax rate</b>		
	2011 €'000	2010 €'000
Profit for the year	1,369	929
Total income tax (credit)/expense	(101)	248
	<u>1,268</u>	<u>1,177</u>
Profit excluding income tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2010: 12.5%)	159	147
<i>Effects of:</i>		
Other differences	(165)	101
Prior period overprovision	(95)	-
	<u>(101)</u>	<u>248</u>
Income tax (credit)/expense	<u>(101)</u>	<u>248</u>

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 5 Property, plant and equipment

#### Group and Company

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
<b>Cost</b>					
Balance at 1 January 2010	47	3,436	8	146	3,637
Additions	-	-	-	188	188
Reclassifications	-	324	-	(324)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	47	3,760	8	10	3,825
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cost</b>					
Balance at 1 January 2011	47	3,760	8	10	3,825
Additions	-	-	-	431	431
Reclassifications	-	365	-	(365)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2011</b>	<b>47</b>	<b>4,125</b>	<b>8</b>	<b>76</b>	<b>4,256</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2010	26	2,208	6	-	2,240
Depreciation for the year	5	371	1	-	377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	31	2,579	7	-	2,617
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2011	31	2,579	7	-	2,617
Depreciation for the year	5	354	-	-	359
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2011</b>	<b>36</b>	<b>2,933</b>	<b>7</b>	<b>-</b>	<b>2,976</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2010	16	1,181	1	10	1,208
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2011</b>	<b>11</b>	<b>1,192</b>	<b>1</b>	<b>76</b>	<b>1,280</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The directors have reviewed the carrying value of property, plant and equipment and are satisfied that the values are fairly stated.



# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 6 Intangible assets

#### Group and Company

	Software €'000	Software under construction €'000	Total €'000
<b>Cost</b>			
Balance at 1 January 2010	642	48	690
Additions	-	230	230
Reclassification	184	(184)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	826	94	920
	<hr/>	<hr/>	<hr/>
<b>Cost</b>			
Balance at 1 January 2011	826	94	920
Additions	-	1,096	1,096
Reclassification	322	(322)	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2011</b>	<b>1,148</b>	<b>868</b>	<b>2,016</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment losses</b>			
Balance at 1 January 2010	228	-	228
Amortisation for the year	139	-	139
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	367	-	367
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment losses</b>			
Balance at 1 January 2011	367	-	367
Amortisation for the year	160	-	160
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2011</b>	<b>527</b>	<b>-</b>	<b>527</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 January 2011	459	94	553
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2011</b>	<b>621</b>	<b>868</b>	<b>1,489</b>
	<hr/>	<hr/>	<hr/>

The directors have reviewed the carrying value of intangible assets and are satisfied that the values are fairly stated.

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 7 Investments in subsidiaries

<b>CEL</b>	<b>Total €'000</b>
Balance at 1 January 2011	-
Investments made during the year	-
Balance at 31 December 2011	-

The company had the following subsidiary company at 31 December 2011.

<b>Subsidiary company</b>	<b>Share Capital held</b>	<b>Class of business</b>
RTÉ Music Limited	100%	Music publishing

The subsidiary company operates in Ireland and has its registered office at RTÉ, Donnybrook, Dublin 4.

### 8 Inventories

	<b>Group</b>		<b>Company</b>	
	<b>2011 €'000</b>	<b>2010 €'000</b>	<b>2011 €'000</b>	<b>2010 €'000</b>
<i>Work in Progress</i>				
In house	<b>130</b>	<b>77</b>	<b>130</b>	<b>77</b>

Inventories consumed during the year ended 31 December 2011 amounted to €661,000 (2010: €124,000).

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 9 Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<i>Current assets</i>				
Trade receivables	<b>4,421</b>	5,215	<b>4,421</b>	5,215
Amounts due from RTÉ subsidiary entities	<b>44,659</b>	44,199	<b>37,982</b>	37,515
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>49,080</b>	49,414	<b>42,403</b>	42,730
	<hr/>	<hr/>	<hr/>	<hr/>

The group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 18.

### 10 Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Bank balances	<b>597</b>	682	<b>118</b>	228
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents	<b>597</b>	682	<b>118</b>	228
Bank overdrafts used for cash management purposes	<b>(89)</b>	(89)	<b>(89)</b>	(89)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents in the statement of cashflows</b>	<b>508</b>	593	<b>29</b>	139
	<hr/>	<hr/>	<hr/>	<hr/>

### 11 Called up Share Capital - Group and Company

	<b>2011</b>	<b>2010</b>
	<b>€'000</b>	<b>€'000</b>
<b>Authorised:</b>		
100,000 Ordinary shares of €1.25 each	<b>125</b>	125
	<hr/>	<hr/>
<b>Allotted, called up and fully paid:</b>		
50,000 Ordinary Shares of €1.25 each	<b>63</b>	63
	<hr/>	<hr/>

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 12 Other Reserves – Group and Company

	Capital conversion reserve €'000	Capital Other reserves €'000	Total €'000
At beginning and end of year	1	933	934

### 13 Trade and other payables

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Trade payables	604	791	604	791
Accruals	4,141	3,738	4,145	3,738
Deferred income	633	622	633	622
	<u>5,378</u>	<u>5,151</u>	<u>5,382</u>	<u>5,151</u>

### 14 Taxation and social welfare

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
VAT (receivable)/payable	(136)	715	(139)	712
Corporation tax payable	-	260	-	258
	<u>(136)</u>	<u>975</u>	<u>(139)</u>	<u>970</u>

### 15 Employee benefits

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Payroll related accruals	283	323	283	323
Total employee benefits	<u>283</u>	<u>323</u>	<u>283</u>	<u>323</u>

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 15 Employee benefits *(continued)*

Payroll related accruals consist of short-term (less than 12 months) employee benefits such as employee remuneration and holiday leave provided for in accordance with IAS 19 *Employee Benefits*.

### 16 Deferred tax

#### Group and Company

#### Recognised deferred tax assets and liabilities

	Assets Net		(Liabilities) Net	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Property, plant and equipment	36	38	-	-
Others	-	-	-	(8)
	<u>36</u>	<u>38</u>	<u>-</u>	<u>(8)</u>
<b>Net tax asset/(liabilities)</b>	<b>36</b>	<b>38</b>	<b>-</b>	<b>(8)</b>
	<u><u>36</u></u>	<u><u>38</u></u>	<u><u>-</u></u>	<u><u>(8)</u></u>

#### Movement in temporary differences during 2011

	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Property, plant and equipment	38	(2)	-	36
Other	(8)	8	-	-
	<u>38</u>	<u>(2)</u>	<u>-</u>	<u>36</u>
<b>Net tax asset/(liabilities)</b>	<b>30</b>	<b>6</b>	<b>-</b>	<b>36</b>
	<u><u>30</u></u>	<u><u>6</u></u>	<u><u>-</u></u>	<u><u>36</u></u>

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 16 Deferred tax (continued)

#### Movement in temporary differences during 2010

	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Property, plant and equipment	34	4	-	38
Other	(16)	8	-	(8)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net tax asset/(liabilities)</b>	<b>18</b>	<b>12</b>	<b>-</b>	<b>30</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### 17 Pension arrangements

Employees whose employee costs are charged to the Group by RTÉ are primarily members of the following pension schemes:

- The RTÉ Defined Contribution Pension Scheme.
- The RTÉ Superannuation Scheme; a funded contributory defined benefit pension scheme to which no new employees have been admitted since 1989.
- The RTE “50/50” Risk-Sharing Pension Scheme; this scheme commenced for the first time on 1 September 2010. The scheme consists of a core defined benefit (DB) promise based on a capped salary level with a defined contribution (DC) arrangement for earnings above the cap.

RTÉ also makes contributions to a number of other smaller defined contribution pension schemes on behalf of employees.

It is not feasible to identify the company’s share of the RTÉ Superannuation Scheme’s or the RTÉ “50/50” Risk-Sharing Pension Scheme’s underlying assets and liabilities. The most recent valuation report for both schemes is dated 1 January 2012 and was completed subsequent to the year end by the actuary to both schemes, Mercer, who are neither officers nor employees of the Group. The actuarial funding valuation, which used the ‘attained age’ method of valuation to derive the future service cost, discloses the RTÉ Superannuation Scheme to have a deficit of €25.22 million (1 January 2011: surplus €3.55 million) and the RTÉ “50/50” Risk-Sharing Pension Scheme to have a surplus of €0.7 million (1 January 2011: surplus €0.2 million).

The full details of the valuation are disclosed within the RTÉ group financial statements.

### 18 Financial Instruments and financial risk management

#### (a) Overview of financial risk management

##### Risk Environment

The Group has exposure to the financial risks relating to credit, liquidity, foreign exchange, and operational risk.

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 18 Financial Instruments and financial risk management (continued)

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework and have adopted policies for the main areas of financial risk faced by the Group from those approved by the Board of RTÉ for the RTÉ Group.

RTÉ Group Treasury is responsible for managing all treasury activities across the RTÉ Group, including RTÉ Commercial Enterprises Limited, in accordance with the treasury policies, including cash management, liquidity risk, foreign exchange risk and counterparty credit risk.

The majority of RTE Commercial Enterprises Limited's business is transacted in Ireland. Consequently operating and investing cash flows are substantially denominated in Euro.

All financial instruments are carried at amortised cost.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has detailed procedures for monitoring and managing the credit risk related to its financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<i>Note</i>	<b>Carrying amount</b>	
		<b>2011</b>	<b>2010</b>
		<b>€'000</b>	<b>€'000</b>
Net intercompany receivables	9	44,659	44,199
Trade receivables	9	4,421	5,215
Cash and cash equivalents	10	508	593

#### *Treasury related credit risk*

The Group is exposed to credit risk from the counterparties with whom it holds its bank accounts and transacts with the financial markets. Cash and cash equivalents are primarily funds invested with Irish financial institutions covered by the Irish government Bank Guarantee Scheme with limits on amounts held with individual banks or institutions at any one time.

#### *Customer credit risk*

The Group has credit insurance and sets credit limits for all customers. Given the nature of the markets within which RTÉ Commercial Enterprises Limited operates, RTÉ Commercial Enterprises Limited had significant exposures to individual advertising agencies and other customers throughout the year. RTÉ Commercial Enterprises Limited's policy is to assign limits to the aggregate amount of exposure to each individual customer. These exposures and the related limits are subject to ongoing review and monitoring.

# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 18 Financial Instruments and financial risk management (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2011 €'000	2010 €'000
Ireland	4,180	4,740
United Kingdom	202	445
Other Regions	39	30
	<u>4,421</u>	<u>5,215</u>

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Note	Carrying amount	
		2011 €'000	2010 €'000
Non agency debtors		2,609	3,315
Other debtors - agency		1,812	1,900
		<u>4,421</u>	<u>5,215</u>
Trade receivables	9	4,421	5,215

An agency debtor represents an advertising agent or agency being a person, firm or company which selects or books advertising space on behalf of the advertiser.

The Group's most significant debtor, an Irish company, accounts for € 1.2 million (27 %) of the trade receivables carrying amount at 31 December 2011 (2010: €1.2 million) (23%).

The aging of trade receivables at the reporting date was:

	Gross 2011 €'000	Impairment 2011 €'000	Gross 2010 €'000	Impairment 2010 €'000
Not past due date	3,422	(593)	3,982	(329)
Past due date 0 – 30 days	1,497	(112)	1,540	(342)
Past due date 31 – 120 days	298	(98)	530	(154)
Greater than 120 days	104	(97)	63	(75)
	<u>5,321</u>	<u>(900)</u>	<u>6,115</u>	<u>(900)</u>



# RTÉ Commercial Enterprises Limited

## Notes

*forming part of the financial statements*

### 18 Financial Instruments and financial risk management (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2011 €'000	2010 €'000
Balance at 1 January	900	929
Impairment loss recognised	-	(29)
	<hr/>	<hr/>
Balance at 31 December	900	900
	<hr/>	<hr/>

No credit exposure is perceived in relation to the net intercompany receivable.

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. RTÉ Commercial Enterprises Limited's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table sets out the contractual maturities of financial liabilities:

#### 31 December 2011

	Carrying Amount €'000	Contractual cash flows €'000	6 mths or less €'000	6-12 mths €'000
<b>Financial liabilities</b>				
Trade payables	604	604	604	-
Accruals	4,141	4,141	4,141	-
Employee benefits	283	283	283	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,028	5,028	5,028	-
	<hr/>	<hr/>	<hr/>	<hr/>

# RTÉ Commercial Enterprises Limited

Notes *(continued)*

forming part of the financial statements

## 18 Financial Instruments and financial risk management *(continued)*

31 December 2010

	Carrying Amount €'000	Contractual cash flows €'000	6 mths or less €'000	6-12 mths €'000
<b>Financial liabilities</b>				
Trade payables	791	791	791	-
Accruals	3,738	3,738	3,738	-
Employee benefits	323	323	323	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,852	4,852	4,852	-
	<hr/>	<hr/>	<hr/>	<hr/>

### (d) Currency risk

The functional currency of the Group is Euro. The Group has low levels of risk to fluctuations in foreign currency exchange rates as substantially all transactions are denominated in euro.

### (e) Fair Values

The fair value of a financial instrument is the amount it could be exchanged for in an arms length transaction between informed and willing parties, other than in a forced or liquidation sale. Fair value analysis was based on discounted cash flow analysis using an appropriate discount rate.

The Group determined that the fair value for all financial instruments at 31 December 2011 and 2010 were materially in line with their carrying values.

## 19 Financial commitments and contingencies

### *Capital commitments*

	Group		Company	
	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Contracted but not provided for	-	-	-	-
Authorised but not contracted for	-	33	-	33
	<hr/>	<hr/>	<hr/>	<hr/>
	-	33	-	33
	<hr/>	<hr/>	<hr/>	<hr/>

# RTÉ Commercial Enterprises Limited

Notes *(continued)*

*forming part of the financial statements*

## **20 Related party transactions**

RTÉ provides certain central services to the group, including transaction processing, payroll services and insurance services. Where costs are incurred centrally in the provision of these services, RTÉ invoices the group on an arms length basis. An appropriate full-cost absorption / usage allocation basis, grounded upon consistently applied and objectively justifiable cost-accounting principles, is used to apply a fair and reasonable cost of the inter-divisional services consumed by the group. At 31 December 2011, the total receivables from RTÉ subsidiary undertakings was €44.7 million (2010: €44.2 million).

Key management personnel of the Group are employees of RTÉ. Compensation costs in relation to key management personnel are incurred by RTÉ.

## **21 Approval of financial statements**

The board approved these financial statements on 29 June 2012.